

MINUTE Meeting date: Monday 17 May 2021

IN ATTENDANCE ONLINE

- Mike McCormick (Chair)
- Paul Walker
- Lorna Johnston, Executive Director & Accountable Officer
- Richard Wilson, Caseworker (observing only)
- Claire Gardiner, Senior Audit Manager, Audit Scotland

ITEM	CONTENT	ACTION
STANDING ITEMS		
1.	<p>WELCOME, APOLOGIES and DECLARATIONS OF INTEREST</p> <p>Mr McCormick welcomed all attendees. Apologies for absence were received from Sarah Nicholson, Officer Manager; Asim Ali, Auditor, Audit Scotland; Steve Robb, Financial Accountant, Scottish Parliament and Andy Munro, Head of Audit, Scottish Parliament</p> <p>No declarations of interest were made.</p>	
2.	<p>DRAFT MINUTE OF PREVIOUS MEETING</p> <p>The draft minutes of the meeting on 20 January 2021 were approved.</p>	
3.	<p>MATTERS ARISING</p> <p>The Committee noted the only outstanding matter concerned the provision of payroll services, which was to be discussed under item 8.</p>	
BUSINESS ITEMS		
4.	<p>RISK REGISTER 2021/22</p> <p>The Committee noted that the 2020/21 Business Risk Register was considered and agreed by the Standards Commission at its meeting on 22 February 2021.</p> <p>The Committee noted that the Executive Team had updated the Risk Register to include specific actions taken to date in quarter one. The Committee reviewed the contents of the Risk Register and agreed to recommend to the Standards Commission that:</p> <ul style="list-style-type: none"> • The probability score for risk two be reduced from 3 to 2 (with the overall score then being reduced from 12 to 8), in light of activities undertaken and confirmation being received from the Acting Ethical Standards Commissioner (ESC) that he will comply with the statutory directions issued. • The probability score for risk four be reduced from 3 to 2 (with the overall score then being reduced from 12 to 8), following the successful recruitment, training and induction of a new Caseworker and a replacement Office Manager. • The overall risk score for risk five remains at a 9, as the full costs of defending a new appeal on the decision in case LA/AC/2276 and the amount of expenses due in respect of the appeal on the decision on case LA/R/2257 & 3262 are unknown. While the SPCB has indicated costs arising from appeals can be met from contingency funding, an application for this would have to be submitted and considered if any such costs cannot be met from the agreed budget. 	Chair

	<ul style="list-style-type: none"> • The overall risk score for risk six remains at a 12 for the time being, given the Standards Commission’s concerns about the approach taken by the ESC to interpreting the Codes and dealing with complaints, as identified in the analysis of the information provided in accordance with the Eligibility Direction. • The probability score for risk seven being reduced from reduced from 3 to 2 (with the overall score then being reduced from 12 to 8), following confirmation from the Acting ESC that he wishes to normalise the relationship and engage in regular and constructive discussions with the Standards Commission. 	
<p>5.</p>	<p>ANNUAL ACCOUNTS 2020/21</p> <p>The Committee reviewed the draft Financial Statements provided by the Scottish Parliamentary Corporate Body’s (SPCB) Finance Office and the accompanying commentary prepared by the Executive Team.</p> <p>The Committee noted the written comments provided by Steve Robb, the SPCB’s Financial Accountant, in respect of the information detailed within the financial statements and, in particular, when compared with the figures from 2019/20 that net operating costs were £301,000 (representing an increase of £53,000). The Committee noted that:</p> <ul style="list-style-type: none"> • Staff costs and increased by £14,000 on the previous year. The Committee noted that this was in line with expectations and reflected increases in salaries (both as a result of progression along the incremental pay-scales and the implementation of the SPCB’s pay awards), and employer contribution costs. • Expenditure on other administration costs was £58,000, representing an increase of £28,000 on the previous year. The Committee noted that this was the result of significant legal advice costs (£36,000) having been incurred in 2020/21 in respect of the extent of the Standards Commission’s oversight role and how directions issued to the ESC under Sections 10 and 11 of the Ethical Standards in Public Life etc. (Scotland) Act 2000 could be enforced. The Committee noted that the increase of £36,000 had been partly offset by a reduction of £8,000 across all other expenses, notably £5,000 on staff and Members’ travel and expenses, as the majority of hearings in 2020/21 were held online rather than in person across the country. • The operating income was zero. The Committee noted this was expected, in that the Standards Commission would not normally expect to receive any income. The Committee noted that the £11,000 received in 2019/20 was for legal expenses recovered that year, following an unsuccessful appeal lodged in 2018 against a decision by the Hearing Panel. <p>The Committee asked the Executive Director to pass on its thanks to Mr Robb for providing the financial report and for his continued provision of accountancy services to the Standards Commission.</p> <p>The Committee agreed a few minor changes to be made to the wording of the commentary on the accounts. It noted that the final draft of the Annual Accounts would be being considered at the Audit & Risk Committee at its meeting on 19 July 2021 and would be presented thereafter to the Standards Commission for approval at its meeting on 26 July 2021.</p>	<p>Executive Director</p> <p>Executive Team</p>
<p>6.</p>	<p>INTERNAL AUDIT REPORT 2020/21</p> <p>The Committee noted that Mr Munro, the Head of Internal Audit, would be submitting his report regarding the Standards Commission’s response to the coronavirus pandemic for review and comment by the Executive Team shortly. The Committee noted that it would be looking for Mr Munro to provide independent assurance that appropriate measures had been taken to ensure the organisation continued to fulfil its statutory duties and, in particular, its adjudicatory role, while travel restrictions were in place. The Committee asked the Executive Team to circulate the report on receipt.</p>	<p>Executive Team</p>

7.	<p>INTERNAL AUDIT PLAN 2021/22</p> <p>The Committee noted that the Executive Team would ask Mr Munro whether he had any specific matters that he wished to include in his internal audit plan for 2021/22. The Committee agreed that the Chair should also raise the matter with Standards Commission members at their meeting on 26 May 2021 to see if anyone had any suggestion in respect of particular policies or procedures that they may wish Mr Munro to review as part of the audit.</p>	
8.	<p>PROVISION OF PAYROLL AND PENSION SERVICES</p> <p>The Committee noted that the project to move to a new supplier of payroll and pension services was progressing. Following receipt of legal advice, the five organisations seeking a new contract had agreed a joint call-off contract for fully managed payroll services. It was anticipated that the contract would start on 1 June 2021. The Committee noted, however, that the intention was to run the existing payroll, in tandem, for at least a month, to ensure there were no issues or disruption and allow time for the new system to be tested and for staff to receive full training. The Committee noted that the Standards Commission had agreed to pay a share of the legal costs on the basis that these would be apportioned between the five organisations, on a size of payroll basis.</p>	
9.	<p>COMMITTEE TERMS OF REFERENCE AND PERFORMANCE</p> <p>The Committee reviewed, and agreed with, the amendments proposed by the Executive Team to the Audit & Risk Committee's Terms of Reference, which were aimed at ensuring the document's layout was consistent with existing practice and the Human Resources Committee's Terms of Reference. The Committee agreed the Chair should recommend that the amendments to the Terms of Reference be adopted by the Standards Commission at its meeting on 24 May 2021.</p> <p>The Committee noted the performance report detailing its activities during 2020/21, which included:</p> <ul style="list-style-type: none"> • Reviewing the draft Annual Accounts for approval by the Standards Commission; • Reviewing the Risk Register and identifying and reviewing actions to be taken to mitigate risks; • Recommending changes to the Risk Register and the individual risk scores in light of developments and actions taken; • Suggesting risks and mitigating actions to be included in the risk register for 2021/22; • Reviewing and recommending the external audit plan (including the timetable and fee); • Reviewing internal and external audit reports and any management responses; • Reviewing the project to identify and introduce a new payroll services contract. <p>The Committee agreed its workplan and schedule for 2021/22.</p>	Chair
NEXT MEETING		
10.	The Committee noted that it was next scheduled to meet on 19 July 2021.	
ANY OTHER BUSINESS		
11.	<p>The Committee noted that the new Office Manager was part-time and did not work on Mondays. The Committee agreed it would be helpful for the Office Manager to attend its meeting and agreed, therefore, that after the meeting on 19 July 2021, all future meetings should be held later in the week. The Committee agreed that the Executive Team should circulate potential dates for its approval.</p> <p>The Committee further agreed that, to save travel time and costs, the default position was that all meetings should be held online in future (with a start time of 9:30). The Committee noted that it could always meet in person should it consider it appropriate to do so.</p>	Executive Team